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In The

Supreme Court of the United States

October Term 1985

No. _____

SIR SPEEDY, INC.

Petitioners

vs.

SPEEDY PRINTING CENTERS, INC.

Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

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Attorney for Petitioners

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Questions Presented

(1) Are national franchisors to be treated as second class trademark citizens?

(2) In a trademark infringement action, can extensive actual confusion indicate a trademark has acquired secondary meaning?

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PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

Petitioners pray that a writ of certiorari issue to review the Judgment of the United States Court of Appeals for the Sixth Circuit entered on October 15, 1984, affirming the Judgment of the United States District Court for the Eastern District of Michigan entered October 28, 1982.

Opinions Below

The opinion of the District Court is not yet reported, but the findings appear at Appendix 1 herein. The Judgment appears at Appendix 2 herein. The opinion of the United States Court of Appeals for the Sixth Circuit was not recommended for publication by such Court, but appears at Appendix 3 herein.

Jurisdiction

The jurisdiction of the District Court was invoked under the Trademark Laws of the United States U.S. Code, Title 15, Chapter 22.

The Judgment of the Sixth Circuit Court of Appeals was entered October 15, 1984, and the Petition for a Writ of Certiorari was filed within 90 days of that date.

The jurisdiction of this Court is invoked under 28 U.S.C. §1254(1).

Statement of the Case

Plaintiff SIR SPEEDY, INC. and Defendant SPEEDY PRINTING CENTERS, INC. are both national franchisors of print shops and have granted franchises throughout the United States. Plaintiff operates under the mark SIR SPEEDY PRINTING CENTERS. Defendant began operating under the mark SPEEDY PRINTING CENTERS 8 years after Plaintiff. The complaint is basically for infringment of Plaintiff's Federal Service Mark Registration 916,485 for the mark SIR SPEEDY, as used in conjunction with the rendering of print shop services. At the time of trial, SIR SPEEDY had used SIR SPEEDY PRINTING CENTERS as a mark for over 13 years, had expended in conjunction with its nationwide franchisees over $7,650,000 in advertising, and its over 200 franchisees had made sales of more than $266,300,000.

At the trial, Plaintiff SIR SPEEDY conclusively established 350 to 400 instances of actual confusion. Such actual confusion resulted because the public could not tell the difference between SIR SPEEDY PRINTING CENTER and SPEEDY PRINTING CENTER. Customers came into a SIR SPEEDY PRINTING CENTER store seeking an order left at a SPEEDY PRINTING CENTER store. Deliverymen left SPEEDY PRINTING CENTER orders at SIR SPEEDY CENTER stores. Persons telephoned SIR SPEEDY PRINTING CENTER stores when they actually wished to telephone a SPEEDY PRINTING CENTER store.

As in any trademark infringement case, the burden was on SIR SPEEDY to establish the likelihood of confusion. SIR SPEEDY relied upon the substantial actual confusion as establishing the like-

lihood of confusion. SPEEDY contended that the words SPEEDY PRINTING CENTER were descriptive and thus not entitled to trademark protection. SIR SPEEDY contended that SPEEDY PRINTING CENTER had in fact acquired secondary meaning because of extensive advertising and sales made under the SPEEDY PRINTING CENTER mark, coupled with the extensive evidence of actual confusion.

The trial court held against SIR SPEEDY based upon the unique rationale that national franchisors are not entitled to the protection of the United States Trademark laws. According to findings of the District Court:

> "The landscape is dotted with innumerable franchisees operating in copycat businesses

under similar names and furnishing similar or almost identical products, most of which are primarily distinguishable by the advertising that goes with them rather than by any intrinsic difference in the products themselves. Do customers of Burger King sometimes think they are going into a Burger Chef and vice versa? Probably that is un doubtedly true. Does everyone remember in the consuming public whether the Whopper is a product put out by Burger King or Burger Chef? I seriously doubt it. And yet these businesses exist in the marketplace side by side.

Although such businesses take pains to protect such marks as are registerable, it is a realty of the franchise world in which live today that there will be some instances of confusion or even likelihood of confusion among the consuming public, which is presented such a vast array of essentially similar or even identical products. That that is not the confusion or the likelihood of confusion which is anticipated by the trademark laws of the United States has to be one of the realties of modern-day living." [Emphasis Added]

(Appendix 59)

Not surprisingly, the District Court did not cite any authority for its rationale. The Sixth Circuit Court of Appeals essentially rubber-stamped its approval of the District Court's rationale and affirmed its decision, thereby sanctioning the District Court's unwarranted departure from the trademark laws of the United States.

Reasons for Granting the Writ

The Writ should be granted because of the importance to the public and to national franchisors that such franchisors receive the same treatment under the United States trademark laws as other businesses. Contrary to the reasoning of

the District and Appellate Courts in this case, the very existence of national franchisors (and their franchisees) depends upon the quality of their products. If a franchisor merchandises an inferior product under its trademark, the public will not hesitate to take its business to a competitor. Accordingly, franchisors take great and expensive pains to insure the quality of the product.

The public recognizes a franchisor's product by its trademark. The trademark is made known by extensive advertising. Assume, as in this case, a competitor adopts a mark so similar to the franchisor's mark the public is actually confused into believing it is purchasing the product of the franchisor. Assume further, the competitor merchandises an

inferior product. The obvious result is that the public associates the inferior product with the franchisor. The public will make no further purchases of the franchisor's product. Not only is the original franchisor and its franchisees damaged by loss of business, but additionally the public is damaged by having been deceived into purchasing an inferior product.

Heretofore, franchisors have been given trademark protection equal to that afforded other trademark owners. If a trademark infringer caused confusion, the trademark owner was entitled to restrain such unfair competition. In this case, the District Court reasoned that national franchisor's must put up with confusion and they should not look to the courts for relief. The Sixth Circuit Court of Appeals affirmed the trial court's rationale.

This Court can take judicial notice of the large segment of the public which will be affected if such rationale is adopted by other courts. Franchisors and franchisees would lose the incentive to maintain quality control, to the clear detriment of the public. Franchisors and franchisees now represent a large percentage of the total business population of the country. They should not be singled out of the business population for discrimination when it comes to enforcement of the trademark laws.

Acccordingly, this Court should exercise its power of supervision and require the District Court and Sixth Circuit Court of Appeals to comply with established federal trademark law.

A second reason to grant the Writ is resolve the conflict between the Sixth and Ninth Circuit as to whether or not secondary meaning can be established by proof of extensive actual confusion. In American Scientific Chemical Inc. v. American Hospital Supply Corp. 690 F.2d 791; 216 U.S. Patents Quarterly 1080; decided by the Ninth Circuit Court of Appeals in 1982, (Appendix 88) the District Court, just as in this case, found that American Scientific had not acquired secondary meaning in its name and therefore had no legally protectable trademark. The Appellate Court reversed, holding that the extensive actual confusion proven by American Scientific indicated the trademark had acquired secondary meaning. The case was remanded to the District Court. A copy of this decision appears at Appendix 4 herein.

The District Court in this case not only refused to attach any legal significance to the proven substantial actual confusion, but indeed held that the actual confusion testimony to be "actually counter-productive," to the establishment of secondary meaning. The Sixth Circuit Court of Appeals agreed with the District Court, holding that:

> "The evidence as to confusion was actually counter-productive to Plaintiff's argument that the public associated "SPEEDY with exclusively SIR SPEEDY."

Neither the District Court nor the Appellate Court offered any authority in support of the debunking of actual con-

fusion as evidencing a mark has acquired secondary meaning. Such reasoning is certainly diametrically opposed to the ruling of the Ninth Circuit Court of Appeals in American Scientific, and flies in the face of logic.

Both the District Court and the Sixth Circuit Court of Appeals referred to the Treatise McCarthy, Trademark And Unfair Competition, but such courts completely ignored the following statement by McCarthy relied upon by SIR SPEEDY, namely:

> "It must be recongized that secondary meaning and likelihood of buyer confusion, although two separate legal issues, will be difficult to distinguish in viewing the evidence. That is,

> if buyers are confused, then this also means that they must have recongized plaintiff's word as a trademark and associated it only with plaintiff. It this is not so, how could there be any confusion?" [Emphasis Added]

Applying the above set-forth logic to the facts in the present case, SIR SPEEDY established an impressive number of instances of actual confusion where persons could not tell the difference between SIR SPEEDY PRINTING CENTER and SPEEDY PRINTING CENTER. The common words in the two marks are, of course, "SPEEDY PRINTING." Customers would not have come into a SIR SPEEDY PRINTING CENTER store seeking an order left at a SPEEDY PRINTING CENTER store if they had not associated the mark "SPEEDY PRINTING" with "SIR SPEEDY PRINT-

ING CENTER." Deliverymen would not have left SPEEDY PRINTING CENTER orders at a SIR SPEEDY PRINTING CENTER store unless they associated the mark "SPEEDY PRINTING CENTER" with "SIR SPEEDY PRINTING CENTER." Persons would not telephone a SIR SPEEDY PRINTING CENTER store when they actually wished to telephone a SPEEDY store unless they associated "SPEEDY PRINTING" with "SIR SPEEDY" as it was listed in telephone directories.

What better proof that "SPEEDY PRINTING CENTER" had acquired secondary meaning could possibly be adduced than the substantial actual confusion established by SIR SPEEDY?

As noted above, the decision of the Sixth Circuit Court of Appeals conflicts with the decision of the Ninth Circuit Court of Appeals in American Scientific. In order to provide a uniformity of decisions in trademark matters among the Federal Courts of Appeal and also, in order to afford supervision for the District Court and the Sixth Circuit Court of Appeals, this petition for certiorari should be granted.

Respectfully submitted,

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APPENDIX

APPENDIX 1

Findings of Fact and Conclusions of Law, of U.S. District Court, Eastern Division of Michigan, Southern Division. October 25, 1982.

The Court would preface this bench opinion by indicating that certainly to the parties involved, this is significant litigation. And the Court, by rendering a bench opinion as opposed to a written opinion, by no means is suggesting that this is other than significant litigation.

Furthermore, in the event that this Court deems it necessary, it reserves the option to supplement this bench opinion with additional written materials.

The Court would note, however, that there are two compelling reasons why a bench opinion is being given in this case rather than taking this matter under advisement.

One is simply the exigencies of the workload situation that exists in metropolitan federal district courts today, where it is imperative that a Court deal expeditiously with a case once it is concluded. And the Court would thank the parties on both sides in this matter for helping the Court considerably in being able to move toward an expeditious conclusion. The parties were well-prepared, well-versed in the law, and were extremely helpful in presenting a good case to the Court. Regardless of the outcome of this matter, both sides were very ably represented in these proceedings.

The second and arguably more significant reason why this Court is proceeding by a bench opinion is that this matter actually started between the parties in an administrative proceeding on September 18, 1978. From thence, it proceeded to litigation in the Federal District Court for Arizona, and was ultimately transferred on motion to this Court. So at this juncture, there has been over four years of both administrative and judicial litigation of the relatively singular issue presented to this Court for determination. And it is time that a conclusion was reached in this matter.

This is particularly true where you have two business entities currently operating as competitors in the marketplace. It is important to such litigants that they receive a decision in any liti-

gation involving their day-to-day operations. And the Court deems it important to proceed for those reasons.

The Court would further note that this opinion, of necessity, will be given in a narrative style; and the facts and conclusions of law contained in that narrative represent the concllusions of law and findings of fact which a district court is required to find after a bench trial of this nature.

This is litigation between two corporations, both of whom are franchisers of print shops throughout the United States.

The complaint in this action alleges false designation of origin and false description under 35 United States Code, Section 1125(a), infringement of plaintiff's federal Service Mark Regis-

tration No. 916485 for the mark Sir Speedy, and unfair competition.

The defendant has raised the usual defenses to such infringement actions, as well as claiming that the plaintiff is engaged in anti-competitive activity by attempting to limit the use of what it claims to be its protected mark under the facts and circumstances of this case.

Thus, essentially the Court is faced with determining a matter involving charges of infringement of service mark and unfair competition.

At the outset, it is helpful to identify with more particularity the litigants.

The plaintiff, Sir Speedy, Inc., is a California corporation having its principal place of business in Newport Beach, California.

The defendant, Speedy Printing Centers, Inc., is a Michigan corporation having its principal place of business in Birmingham, Michigan.

As indicated, both plaintiff and defendant are in the business of franchising printing and duplicating establishments through a franchise organization throughout the United States. Since neither the plaintiff nor the defendant have been in existence for an extremely long period of time, it is additionally helpful to trace the historical antecedents of each corporation.

The plaintiff started as Franchise Industries, Inc., in 1969, using at tht time the mark Speedy Copy Centers.

Shortly after its inception and the start of its franchise activities, it authorized a franchise to Mr. John Hughes in Phoenix, Arizona. Shortly after

opening, Mr. Hughes received notification from an existing Phoenix printing and duplicating business called Speed-O-Copy demanding a change of plaintiff's then business name, Speedy Copy Centers.

Shortly after receiving the letter and for a variety of reasons, the plaintiff elected to change its name to Sir Speedy Instant Printing Centers.

Upon making that name change and after undertaking a trademark search which revealed the existence of other companies engaged in a similar business which had the word "Speedy" in their name, the plaintiff sought registration with the United States Patent and Trademark Office for the mark Sir Speedy. This registration was filed August 26, 1969, and was registered July 13, 1971.

The parties agree that under applicable law, this registration became incontestable October 28, 1977.

Plaintiff did not file nor seek trademark registration for the name Sir Speedy Instant Printing Centers.

After changing its logo and securing the registration of the mark Sir Speedy, plaintiff continued to advertise and sell franchises throughout a number of states in the United States.

This continued until 1972 when, as a result of financial difficulties, the plaintiff filed for reorganization under Chapter 11 of the bankruptcy laws.

Although the chain of franchises had been growing up to that point, as a consequence of the Chapter 11 proceedings, many of the franchisees dropped out of the system and either went out of that business

entirely or continued in business independent of their former franchisor.

The plaintiff emerged from the Chapter 11 proceedings, the exact date of which is not clear to the Court, although it appears to be in 1978.

Plaintiff continued advertising and selling franchises throughout the United States; and in 1980 adopted a so-called new look, which required new franchisees to reference their business establishments as Sir Speedy Printing Center as opposed to Sir Speedy Instant Printing Center, and also considerably changed the former logo which had been used since the outset of Sir Speedy. The Court will reference later in this opinion additional details relative to that change.

Plaintiffs currently have approximtely 400 franchisees.

Now let us turn to the historical antecedents of the defendant. The defendant is of more recent origin. This record would indicate that the defendant was founded in 1977 by a Mr. James W. McDonald, who was then operating franchised printing centers known as Quickie Duplicating Centers. Mr. McDonald had three such centers. Prior to March of 1977, the ownership and management of the Quickie Duplicating Center franchises had changed, and Mr. McDonald felt that the new owners were not interested in aggressively pursing expansion or in helping their franchisees. Upon complaining to the new management, Mr. McDonald was given the right to in effect go it alone and he elected to do just that.

He engaged an artist to design a distinctive logo, and he engaged his present counsel in this litigation or, rather, the defendant's prsent counsel in this litigation to conduct a search relative to appropriate names. Ultimately, Mr. McDonald decided to use the name Speedy Printing Centers, which name was used in conjunction with a distinctive and newly designed logo.

The defendant began immediate expansion, and at the present time has approximately 200 locations in a variety of states throughout the continental United States.

In the course of promoting this business, the defendant attempted the registration of certain marks.

In connection with the registration of its logo, the plaintiff filed the heretofore-mentioned Opposition in September of 1978. The defendant also attempted unsuccessfully to register the word "Speedy" done is a distinctive style.

Thus, this litigation seeks to resolve the question of whether two national franchisers can legally and lawfully exist and coexist throughout the United States engaged in the same business, and one operating under the registered mark of Sir Speedy, the other operating under the name Speedy Printing Centers, said name being contained in a distinctive logo.

By way of further background and absolutely essential to an understanding of the dispute between the parties and this Court's resolution of that dispute is what

this record reveals about what occcurred in the printing industry, at least that segment of it that does the type of printing business in which the plaintiff and defendant are engaged, that made possib le the rapid growth of national franchises such as the plaintiff and defendant in this case.

Helpful in that regard is the testimony of Mr. McDonald, the founder of Speedy Printing Centers, Incorporated, and also the testimony of Mr. Herbert Neelman, who is a Sir Speedy franchisee in Patterson, New Jersey.

Although neither party in this case attempted to set forth in the record a precise history of the changes that have taken place in the printing industry, it appears clear that shortly before the

plaintiff got started in the business of instant print shops, that certain technological changes had occurred which enabled small printng jobs such as letterheads, business cards, those types of things, and duplicating to be done much quicker and much cheaper than was heretofore possible.

Mr. McDonald's testimony is interesting in this regard when he explains how he himself decided to go into the instant print-shop business. He had been employed for a corporation that had occasion to do and need printing services. In conjunction with his particular work assignments for that corporation, he had occasion to investigate he Quickie Printing franchise, to see how they were able to offer servies at a price less than he was being charged by his own company internally for doing the same type of work.

After talking to a franchisee and learning that they not only were able to do it, but to do it at a substantial profit margin, he immediately left the business he was in and became a franchisee himself.

The significance of this, as the Court will elaborate on later, is that at or about 1969, 1970, that general era, a new business came into its own throughout the United States, and that was the business of instant printing. It should be noted that although this litigation is between two franchisors in the instant-printing business, they are by no means alone in this field. This record is replete with at least half a dozen other franchisors who operate the same or similar type businesses nationwide under a variety of styles and names.

That this business has indeed proliferated in the last ten to twelve years is further buttressed by Mr. McDonald's testimony that he recently sold out his interest in the defendant company because he feels tht markets have been saturated and over-saturated, and that he no longer, in good conscience, can ask the price being asked of prospective franchisees for the right to operate an instant-printing franchise.

It should also be noted in reference to the national companies, of which the plaintiff and defendant are two, that their operations in many respects are essentially quite similar. Several franchisees of either the plaintiff or the defendant testified in this litigation, and most of them, before electing to go

with the plaintiff or the defendant, had explored a number of the national companies. And their testimony generally revealed that it was some difference in attitude or feeling or their general personal reaction to the prospective franchisor more than integral differences that caused them to elect between one or the other.

It is against this general factual and historical background that this Court must decide the issues presented to it by this litigation.

It is further helpful at the outset, in addressing the issues presented by this litigation, to indicate what issues are not involved for a determination.

First and quite significantly, there is no claim by either side or palming-off as that term is used in trademark and unfair competition litigation. Indeed, if either party had made such a claim, the record would be totally devoid of any support for it, defendant essentially offering no testimony that would indicate any palming-off on the part of Sir speedy, and Sir Speedy ending any possibility of a palming-off claim by the testimony of one of their key witnesses, Mr. Charles Wissler, who indicated emphatically and unequivocally that during his tenure with Sir Speedy in a significant corporate posture during the time in issue in this litigation, that he had no evidence of the defendant palming-off. Indeed, in the one instance in which a franchisee complained of a competitor palming-off, an

investigation was undertaken by a private investigator, which indicated that that competitor was not in any way competing by the illegal method of palming-off.

Further, what is not involved is a literal infringement of the registered mark itself, to wit, Sir Speedy. What is involved is whatever bundle of rights the plaintiffs have secured by the registration of their mark, Sir Speedy, and its use in conjunction with the phrase, "Instant Printing Ceners," or "Printing Centers."

Helpful to an analysis of this issue are a number of cases which have dealt with the protection afforded by the federal statutes in question.

In Abercrombie & Fitch Company v. Hunting World, Inc., 537 F.2d, 4, (CA Second 1976), Judge Friendly indicated:

> "The cases, and in some instances the Lanham Act, identify four different categories of terms with respect to trademark protection. Arrayed in an ascending order which roughly reflects their eligibility to trademark status and the degree of protection accorded, these classes are (1) generic, (2) descriptive, (3) suggestive, and (4) arbitrary or fanciful.

Similarly, it was stated in Scientific Application, Inc., v. Energy Conservation Corporation of America, reported at 436 F.Supp. 354 (District Court Georgia 1977):

"The hierarchy of marks, reflecting the availability of protection accorded by the Lanham Act, can be set out as follows: (1) fanciful (e.g., 'Kodak') or arbitrary (e.g., 'Ivory' for soap!) marks are registrable, 15 U.S.C. Section 1052; (2) suggestive (e.g., 'Stronghold' for nails) marks are registrable; (3) descriptive (identifies characteristics or qualities such as, color, odor, function, dimensions, ingredients) maks are registrable only upon proof of an acquired secondary meaning, 15 U.S.C. Section 1052 (e) (f); and (4) generic (identifies nature or class of

articles or services) marks are not registrable, 15 U.S.C. Section 1064(c)."

In Golden Door, Inc., v. Odisho, 437 F.Supp. 956 (Northern District of California, 1977), the Court stated on this same point:

"(i) Generic names are not entitled to trademark protection. (ii) Descriptive names receive protection only if they have acquired secondary meaning as denoting goods or services provided only by a particular producer. (iii) 'Suggestive' names are closely related to descriptive terms and are protected without proof of secondary meaning if they 'require

imagination , thought and perception to reach a conclusion as to the nature of goods (or services).' (iv) Names which are fanciful or arbitrary are strong trademarks, and are entitled to the greatest protection."

The foregoing represent but a very small sampling of a plethora of cases which have explored and re-explored the distinctions between generic, descriptive and suggestive names. For almost every case of significance, there is also a plethora of commentary either sharply critical or in praise of the decision, generaly depending upon the viewpoint of the author as to whether he favors strong trademark protection or a freer and more competitive marketplace.

From this judicial analysis has also emerged an analysis of marks as either being strong or weak, with strong marks being entitled to great protection and weak Marks being entitled to lesser protection.

At the top of the scale of protected marks are the artful or fanciful marks which conceive of a totally unrelated nondescriptive name for a product.

At the bottom end, entitled to no protection and no even registration are the generic names, which are construed to be terminology so generaly descriptive that the public at large must be protected in their perpetual usage of such terminology.

Applying that analysis to the marks and phrases that we are dealing with in this case, the Court would first note

that the term Sir Speedy itself would fall into the artful or fanciful category, since standing alone, it in no way indicates the nature of the business. Such terminology is equally descriptive of a laundry, a fast-food outlet, or an instant printer.

As indicated, however, we are not dealing here with a case of literal infringement of the registered mark, but allegations that the plaintiff has acquired rights in the use of the word "Speedy" in connection with printing centers.

Examining in that context the word "Speedy", the Court would determine that under the four-category analysis heretofore reference in the cases, that this would emerge as descriptive. Descriptive

words are at the low end of the protection scale under the trademark law, and, in general, receive protection only if they have acquired secondary meaning.

It would appear from this record,the arguments made by counsel and proposed findings of fact and conclusions of law which each side has submitted, that there is general agreement that we are dealing with a descriptie term, and that the plaintiff does have the burden of establishing secondary Meaning.

The Court will first deal with this issue on the basis, although it wishes to return for observations of its own relative to the classification that we are dealing with or should be dealing with in this case.

A term has acquired secondary meaning in the context of the type of service we are dealing with in this case when a member of the consuming public associtates the name with the producer as opposed to the product. If a term has thus acquired secondary meaning, then another name which would create a likelihood of confusion or in fact creates actual confusion, may properly be deemed either an infringer, an unfair competitor, or both.

Plaintiff in this litigation has indicated, both in its opening statement and in its closing argument, that we are dealing here with a case which really only presents the issue of likelihood of confusion. To that end, the majority of testimony presented by the plaintiff in this

case was on the issue of likelihood of confusion or actual confusion in the marketplace.

For the reasons hereinafter stated, this Court has concluded that the plaintiff has failed in its burden of proof necessary to establish those elements which would entitle it to the protection and relief it seeks in this litigation. The Court reaches its conclusions as follows.

As indicated, the only registered mark of the plaintiff is Sir Speedy, and this is not a case of literal trademark infringement. It is necessary, for the plaintiff to prevail, that it be able to protect Sir Speedy Instant Printing Centers.

Since both the plaintiff and the defendant use the word "Speedy" as an important part of their public names and labels, it is necessary that attention first be focused on this word. The word "Speedy" itself may in fact be generic. There is case law for the proposition that it is nouns and not adjectives that can qualify for the label "generic". However, there is one significant recent case in which the use of an adjective was ruled to be generic. That case is Miller Brewing Company v. G. Heileman Brewing Company, Inc., 561 F.2d 71 (CA 7 1977).

There are a number of related cases, all involving the use of the term "Lite," L-i-t-e, in connection with a low-calorie beer. Thus, there is significant

recent authority for the proposition that terms that are normally classified as an adjective may in fact themselves become generic.

In that regard, this Court finds that the word "Speed" is in common usage, and that it is not the type of word that one may fence off and keep the rest of the world from using, at least in the context of being descriptive of the "service rendered" is important. It is possible to use a word in common usage in a manner so dissimilar from its common usage as to make the use of the term artful or fanciful. In the context with which the Court is dealing here, however, the term is completely descriptive of the primary ingredient of the service offered.

The significance of the historical development which the Court gave hereinabove in this opinion indicating the technological changes in the printing business is that a new industry has been crete, and that industry is the instant or speedy-printing industry. As such, the term "Speedy" is descriptive to the Nth degree.

Being descriptive, has there been any evidence sufficient to carry plaintiff's burden of proof as to the establishment of secondary meaning? There are a number of ways in which secondary meaning can be established. One concerns the efforts of an individual to establish secondary meaning such as by advertising.

And the Court would note there that there is ample evidence in this record from which one can ascertain that the plaintiff has indeed advertised, both in its corporate posture and through its franchisees, its name.

In this type of case, however, and dealing with the type of service we are dealing with which is rendered directly to the consuming public, the perception of the consuming public is more important.

And this Court concludes that there is nothing in this record from which this Court can find that a member of the consuming public would identify the phrase "Speedy Printing" or "Speedy Printing Center" with a producer rather than the product produced. Indeed, this is an area in which it appears -- it would appear from

the record that there is little consumer differentiation to start with. Plaintiff and defendant are purveyors of essentially identical and interchangeable services, although their own chauvinistic and pride of ownership feelings would keep them from admitting to same. Each, in keeping with the American marketplace tradition, assumes that he is building the better mousetrap.

The truth of the matter is, however, that both the plaintiff and the defendant and a host of heir competing national franchisers are offering, for all practical purposes, to the consuming public the same service. And this is a service which is identified in the minds of the ublic with the name "speedy," "quick,"

or "instant" printing.

This is further attested to by a host of exhibits in this case consisting of the Yellow Pages of various phone books for various years from various cities the length and breadth of the United States, all of which, under the heading "Printing," currently list any number of printing estabishments, all touting as their principal claim to public fame that they do the job quickly, speedily, instantly, or some derivative of that word. In short, what the plaintiff and the defendant and those in similar businesses have been saying for the last ten years to the public is, there has been a revolution in the printing business, and you can literally get your printing orders done while you wait as the case may be.

No testimony has been introduced in this record that would indicate when a member of the consuming public hears reference to "Speedy," "Speedy Printing Centers," or any similar derivation thereof that he associats it with the producer rather than with the product. In fact, much of the testimony tht the plaintiff introduced onm the issue of confusion is actually counter-productive, in the opinion of this Court, to its establishment of secondary meaning for the service that it is offering under the style which it is offering it.

In the area of confusion itself, as indicated, plaintiff devoted a considerable portion of its trial testimony to this issue. And the Court has several observations to make in that regard.

First, much of the testimony that was generated was as a result of corporate management of the plaintiff, after this litigation was started, sending out a notice to each of its franchisees explaining the litigation, by implication clearly indicating how important instances of confusion might be to the litigation, and asking them to report any instances of confusion. With that kind of predicate, it is not surprisng that the eyes and ears of the individual franchisees picked up to every incident of alleged confusion no matter how tivial or minute it might be.

For example, if a customer wrote a check to Speedy Printing Center instead of Sir Speedy Printing Center, this was an instance, according to the plaintiff, of

confusion in the mind of the customer, although, in the mind of the Court, it was equally a result of the limited space that is afforded on checks for the writing of names such as Sir Speedy Instant Printing Centers. Each of us every day, in writing checks, where the individual or corporatin to whom the check is being written has some lengthy corporate style, use a variety of shorthand references. And most of the testimony of the plaintiff was ambiguous in that regard.

Secondly, many of the instances of so-called confusion were singular in nature, such as a print-shop operating at a given location, and suddenly a competitor's printshop, the defendant's opens up, and shortly thereafter a package gets misdelivered. Universally when that

occurred, the incident was not repeated. And it is not at all unusual for a delivery service or a postman, used to making deliveries at a given printshop at a given location might, when a new shop opens up, misdeliver in the early days of the existence of both shops.

Also, the plaintiff is in a large-volume business. Each day they deal with many people. In a given weeks, they take literally hundreds of phone calls. And isolated instances of confusion become de minimis viewed against the backdrop of the total volume and number of people with which the plaintiff is dealing.

The Court thus finds that there has additionally been a failure to prove by a preponderance of the evidence actual confusion which would rise to the heights of legal significance.

On the issue of likelihodd of confusion, the Court would note that one must examine carefully the cases which have dealt with this subject, in order to keep from falling into a trap which is inherent in these cases for the unwary. If one were tomorrow to open a business and simply call it "Drugstore," and the next day someone across the street opened another business and called it "Drug-store," and both businesses were in fact drugstores as that phraseology is commonly used and known, neither could be heard to complain if somebody were confused as to which drugstore was which.

Plaintiff and defendant both in this case are in a situation in which they come very close to simply calling them-

selves by their descriptive names, other tha the registered portion of plaintiff's name "Sir Speedy," and, as a result of the defendant's recent change in corporate name, the addition of the word "American" to its name Speedy Printing Centers.

The franchise phenomenon that has occurred in the United States requires a slight deviation from some of the historical analyses fund in the cases of businesss competing with similar names. National franchisers have demonstrated the ability overnight to literally put hundreds of outlets the length and breadth of the United States. There apparently is no shortage of persons in the United States who want to fulfill the American Dream of being in business for themselves, and who

have the requisite capital to deal with some franchisor toward achieving that goal. The result is that the landscape is dotted with innumerable franchisees operating in copycat businesses under similar names and furnishing similar or almost identical products, most of which are primarily distinguishable by the advertising that oes with them rather than any intrinsic difference in the products themselves. Do customers of Burger King sometimes think they are going into a Burger Chef and vice-versa? Probably that is undoubtedly true. Does everyone remember in the consuming public whether the Whopper is a product put out by Burger King or Burger chef? I seriously doubt it. And yet these businesses exist in the market-place side by side.

Although such businesses take pains to protect such marks as are registerable, it is a reality of the franchise world in which we live today that there will be some instances of confusion or even likelihood of confusion among the consuming public which is presented such a vast array of essentially similar or even identical products. That that is not the confusion or the likelihood of confusion which is anticipated by the trademark laws of the United States has to be one of the realities of modern-day living.

This is where the point that the Court took pains to make early on, that there is no palming-off in this case, becomes significant. Where franchisees dealing in similar products and with

similar names try to represent themselves or their goods as the product of the other, this becomes a serious matter. But, as indicated by the track record of both the plaintiff and the defendant in this case, we have what appears, to the Court at least, to be two reputable companies out there slugging it out in the marketplace, with some of the inevitable pains and pangs that arise from providing the public with similar services in a similar manner.

The Court would make some additional observations.

Both the plaintiff and the defendant, if you will, talk out of both sides of their mouths when the facts and circumstances suit them.

The plaintiff, as is evidenced by defendant's Exhibit 633, has been involved in other litigation, in which they were the defendant rather than the plaintiff, specifically the case of Rapid Print, Incorporated, d/b/a Speedy Print Copy Service vs. Sir Speedy, Inc., a case that took place up in Massachusetts and was resolved by a consent order the 25th day of April, 1978. In that case, albeit somewhat of a simplification, the plaintiff, Rapid Print, hurled all of the allegations that the palintiff, Sir Speedy, hurls at this defendant; whereupon, Sir Speedy adopted the traditional posture that the defendant has adopted in this case, making the same type of claims that the terminology involved simply wasn't protectable.

The Court would further note, in one of the most highly competitive markets in which the defendant and the plaintiff operate, Florida, that a franchisee of the plaintiff, a Sir Speedy Instant Printing Center, sued a franchisee of the defendant, a Speedy Printing Center franchisee, claiming when the Speedy Printing Center franchisee opened up very close to the plaintiff's place of business, that it was unfair competition, and all of the other related claims. The Court saw fit to grant no relief. And, although the case was not decided perhaps within the rubric of trademark law itself, it, nonetheless, achieved the same rsult, which seems inevitably and inexorably dictated to this Court in this case.

The Court would note some other things because many of the cases say that there is a large element of equity involved in trademark protections and trademark relief. I stated earlier that this record convinces this Court that both the plaintiff and defendant are honorable people engaged in a highly competitive business, and they are competing fiercely out in the marketplace.

The Court would note that both the plaintiff and the defendant have some as close as the law will allow to competing in terms of their names and styles. Notwithstanding the claims of confusion, for example, the plaintiff, with its logo change in 1980 and its name change, moved not in the opposite direction from the defendant, but moved closer to the defen-

dant in the way its logo looks for and way its name sounds.

There are a number of things that the parties could do, could have done and still can do, in terms of further product differentiation, if they choose to. Defendant has taken a step in that direction by adding the term "American" to its corporate style.

As the Court indicated to the parties when discussing this matter off the record, if the Court were sitting not as a district judge but as the Ayatollah of Trademarks, it would simply issue an order in this case that the defendant be known henceforth as "American Speedy Printing Centers" and that is the extent to which relief would or could be granted.

Defendant, of course, is already moving in that direction, with the possible exception of the state of Michigan. And the Court would urge, wihtout ordering, that it continue to move in that direction.

The Court would also note that the plaintiff in this case, in its prospectus to its franchisees, which prospectus is issued nationwide, has never listed, as it is required to do under the section of "Known Infringements" the actions that it complains of here of Speedy Printing Centers.

The Court would further note that all of the franchisees who testified and who got into this business got into it knowing full well the differences between Sir Speedy and Speedy Printing Centers,

and that they paid their money and took their chance, as the case may be, and were willing to compete n that basis in the marketplace.

This is essentially a case of hard competition. There is no doubt that the parties have chosen to incorporate the essential feature of that which they do in their name, and that has caused them to have names which have similarities.

The Court, as indicated, finds, however, that these similarities are not actionable, and that they do not violate any of the trademark laws of the United States or other commonlaw provisions alleged by either party.

The Court would further find that to the degree there has been squabbling between these parties other than in

this court, much of it was done under the impetus of a disgruntled franchisee suddenly finding himself faced with competition that he didn't have before. The Court believes that essentially the corporate posture of both of these parties left to their own devices would be to compete on quality of service, advertising and other such factors in the marketplace, and not in the courtroom.

Lastly the Court would address itself to the issues raised by both parties that there are some exceptional circumstances in this case that would require one party or the other to attorney fees. The Court finds that not to be the case, and that there wuld be no set of circumstances in terms of whomever may have deemed that they have prevailed in this case that the

Court would find it appropriate to award any attorney fees. The exceptional circumstances referenced in the statute certainly are not existent in this case where essentially neither party has gotten from the Court any of the affirmative reief that it has prayed for.

For the reasons indicated, the Court will enter a judgment of no cause of action on plaintiff's claims and defendant's counterclaims.

And the Court would again thank the parties for the assistance that hey have been to the Court in this matter.

We stand in recess.

MR. WEINTRAUB: Thank you, your Honor.

MR. ARTZ: Thank you, your Honor.

(The hearing in the within-entitled matter was thereupon concluded.)

United States District Court

FOR THE

EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Civil Action File
No. 80-74537

SIR SPEEDY, INC.,
Plaintiff,

vs.

SPEEDY PRINTING CENTERS, INC.,
Defendant.

JUDGMENT

This action came on for trial before the Court, Honorable Ralph B. Guy, Jr., United States District Judge, presiding, and the issues having been duly tried and a decision having been duly rendered.

It is Ordered and Adjudged that judgment is entered in favor of the defendant Speedy Printing Centers, Inc. against the plaintiff Sir Speedy, Inc. of no cause of action on plaintiff's complaint.

IT IS ORDERED that judgment is entered in favor of the counterdeft Sir Speedy, Inc. against the counterplaintiff, Speedy Printing Centers, Inc. of no cause of action on defendant-counterplaintiff's counterclaim.

IT IS FURTHER ORDERED that neither party shall recover costs as neither party recovered on their claim.

APPENDIX 2

NOT FOR PUBLICATION

NO. 82-1970

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

SIR SPEEDY, INC.,	)
	)
Plaintiff-Appellant,	)
	)
vs.	)
	)
SPEEDY PRINTING CENTERS, INC.,	)
	)
Defendant-Appellee.	)

ON APPEAL FROM THE UNITED
STATES DISTRICT COURT FOR
THE EASTERN DISTRICT OF MICHIGAN

Decided and filed _____

BEFORE: KRUPANSKY and WELLFORD, Circuit Judges; and WEICK, Senior Circuit Judge

PER CURIAM. Plaintiff Sir Speedy Inc. (Sir Speedy) appealed from the judgment rendered in favor of defendant Speedy Printing Centers, Inc. (Speedy Printing) following a four day bench trial before the Honorable Ralph Guy, Jr. on Sir Speedy's trademark infringement claim.

Plaintiff's complaint, originally filed in an Arizona federal district court and subsequently removed to Michigan, charged Speedy Printing with infringement of Sir Speedy's service mark, i.e., "Sir Speedy," in contravention of 15 U.S.C. § 1141(1), false designation of origin under 15 U.S.C. § 1125(a), and a common law unfair trade practices. Speedy Printing counterclaimed, alleging that the initiation of litigation by Sir speedy was

a misuse of Sir Speedy's trademark rights and a violation of antitrust law. Both parties prayed for damages and attorney fees. Sir Speedy also sought an injunction against continued use of the word "Speedy" by Speedy Printing.

In an oral decision rendered October 25, 1982, the district court denied the relief requested by both parties. The rationale of the court's opinion was that the word "Speedy" was a descriptive term which had not acquired a secondary meaning, and therefore, under the applicable trademark law, was not subject to exclusive use by Sir Speedy. Sir Speedy appealed. The issue presented on appeal is whether the trial court's findings were clearly erroneous. Fed.R.Civ.P. 52(a); Hindu Incense v.

Meadows, 692 F2d 1048, 1050 (6th Cir. 1982).

The record presented the following facts. Sir Speedy began franchising instant printing centers in 1969 under the name of "Speedy Copy Centers". Following an apparent challenge to the use of that name by a prior user of the name "Speed-O-Copy", the names of the franchisees were changed to "Sir Speedy Instant Printing Centers". Sir Speedy's service mark, "Sir Speedy" was registered by the United States Patent Office in July, 1971. Speedy Printing's application is still pending, delayed by the instant litigation.

According to testimony adduced at trial, Sir Speedy had granted franchises in twenty-three states by the time

Speedy Printing opened its first shop in Detroit, Michigan, in 1977. The two corporations were immediately in direct competition regarding the sales of franchises to shop operators and retail rapid printing services to the public. Believing Speedy Printing to be opreating in violation of its trademark rights, Sir Speedy sought judicial intervention enjoining the continued use of the word "Speedy" by its competitor, Speedy Printing.

As a prerequisite to determining plaintiff's burden of proof in the instant case, the court below initally classified the term "Speedy" in accordance with trademark law.

There are four basic classifications of distinctiveness of trademarks: (1) arbitrary and fanciful; (2) sugges-

tive; (3) descriptive; and (4) generic. Due to their inherent distinctiveness, categories (1) and (2) are accorded the highest degree of trademark protection. Examples include "Dreft" laundry detergent, "anka" coffee, and "Xerox" duplicating equipment. Category (3), descriptive marks, are those which refer to a desireable characteristic of products or services, and which require proof of secondary meaning, i.e., public association of the product or service solely with the party seeking exclusive use of the word, before the term is accorded protected status. "Sudsy" ammonia, "Best" paper, and "Tasty" bread are descriptive terms. The fourth classification, generic terms, have no trademark significance and therefore are not entitled to protection.

Representative of this group are "aspirin", "cellphane", and "cola". See generally 1 J. Thomas McCarthy, Trademark and Unfair Competition, §§11.1 - 11.23 (1st ed. 1973 & Supp. 1982). See also Miller Brewing Co. v. G. Heilman Brewing Co., 561 F.2d 75, 79 (7th Cir. 1977), cert. denied, 434 U.S. 1025 (1978). The court properly concluded that the word "Speedy" was descriptive, a finding which neither party challenged on appeal.

Having labeled the word "Speedy" as descriptive, the court addressed the plaintiff's proof directed to the "secondary meaning", if any, the word had acquired within the public sector. See Armstrong Paint & Varnish Works v. Nu-Enamel Corp., 305 U.S. 315 (1938); Hindu Incense v. Meadows, 692 F.2d 1048, 1050

(6th Cir. 1982); American Scientific Chemical, Inc. v. American Hospital Supply Corp., 690 F.2d 791, 792 (9th Cir. 1982). The basic element of secondary meaning is a mental recognition in the minds of buyers and potential buyers that the product or service connected with the symbol or device originates from or is associated with the same source. Levi Strauss & Co. v. Blue Bell, Inc., 632 F.2d 817, 820 (9th Cir. 1980). The burden to establish secondary meaning is greater when the mark suggests the basic nature of the services to be rendered. American Heritage Life Insurance Co. v. Heritage Life Insurance Co., 494 F.2d 3, 12 (5th Cir. 1974). As summarized in American Heritage supra:

> The test of secondary meaning is the effectivness of the effort

> to create it, and the chief inquiry is directed toward the consumer's attitude about the mark in question: does it denote to him or her "a single thing coming from a single source?" [citations omitted]. Has the word, in the mind of the public, come to stand as a name or identification for this firm? [citation omitted].

494 F.2d at 12.

In addition, the lack of exclusive use of the word by one company within the industry militates against a finding of secondary meaning. American Heritage, supra, at 13; Vision Center v. Opticks, Inc., 596 F.2d 111, 117 (5th Cir.) cert.

denied, 444 U.S. 1016 (1979).

The court below determined that Sir Speedy had not satisfied its burden of proof that the public associated the word "Speedy" solely with the plaintiff's printing business, and therefore, had not proved the criteria of secondary meaning necessary for trademark protection. The court reasoned:

> [T]his court concludes that there is nothing in this record from which this Court can find that a member of the consuming public would identify the phrase "Speedy Printing" or "Speedy Printing Center" with a producer rather than the product produced. Indeed, this is an area in which it appears - it would

appear from the record that there is little consumer differentiation to start with. Plaintiff and defendant are purveyors of essentially identical and interchangeable services, although their own chauvinistic and pride of ownership feelings would keep them from admitting to same. Each, in keeping with the American marketplace tradition, assumes that he is building the better mousetrap.

The truth of the matter is, however, that both the plaintiff and the defendant and a host of their competing national franchisers are offering, for all

practical purposes, to the consuming public the same service. And this is a service which is identified in the minds of the public with the name "speedy", "quick" or instant printing.

* * *

No testimony has been introduced in this record that would indicate when a member of the consuming public hears references to "Speedy", "Speedy Printing Centers", or any similar derivation thereof that he associates it with the producer rather than with the product.

The gravamen of plaintiff's appeal was that the trial court erred in holding that the word "Speedy" had not acquired secondary meaning. Specifically, plaintiff argued that the trial court failed to give adequate weight to the evidence of consumer confusion in differentiating between Sir Speedy and Speedy Printing Shops. As explained by the court in American Scientific, supra, however, the determination cf secondary meaning requires consideration of a vast array of elements, with the confusion which stems from the use of similar marks by competitors constituting only one such element:

> Diverse types of evidence have been considered by courts in determining whether a mark has

> acquired a secondary meaning. The evidence may include customer surveys, customer testimony, the use of the mark in trade journals, the size of the company, number of sales, the amount, nature and geographical scope of advertising, the period of time during which the mark has been used, the number of customers, and actual confusion.

690 F.2d at 793 (citing with approval distrit court's use of above factors as found in 1 J. Thomas McCarthy, Trademark and Unfair Competition, §§15:10 - 15:21 (1st ed. 1973 & Supp. 1982)).

In the instant case, the plaintiff introduced no evidence of customer surveys or testimony. Rather, Sir Speedy relief upon the dollars expended by the corporation and its franchisees in advertising the Sir Spoeedy mark (approximately $7.6 million from commencement of the corporation to the time of trial), and voluminous documentation of incidents of confusion regarding the two companies.

In concluding that plaintiff had not proved its threshold burden of establishing secondary meaning, the court below nevertheless considered the advertising expenditures, but concluded that the evidence as to confusion was actually counterproductive to plaintiff's argument that the public associated "Speedy" exclusively with Sir Speedy.

This disposition by the trial court is not clearly erroneous. To the contrary, it is well-reasoned and in accord with settled principles of trademark law. The plaintiff in this case simply failed to meet its threshold burden of proving that the public associated the word "Speedy" solely with its printing operation, and therefore, failed to establish the secondary meaning which would have entitled Sir Speedy to exclusive use of the word.

The decision of the district court is hereby AFFIRMED.

Date: October 15, 1984

APPENDIX 3

Court of Appeals, Ninth Circuit

American Scientific Chemical, Inc.
v. American Hospital Supply Corp.

No. 81-3282
Decided Oct. 22, 1982

TRADEMARKS

1. Marks and names subject to ownership - In General (§67.501)

Almost any symbol can serve as trade name and be protected from infringement if it has acquired that degree of consumer association and recognition characterized as secondary meaning, and likelihood of confusion with competitor can be shown.

2. Courts of Appeals - Weight given findings of district court - Trademarks and unfair competition cases (§29.357)

Because acquisition of secondary meaning is question of fact, findings of district court cannot be set aside unless clearly erroneous.

3. Marks and names subject to ownership - Secondary meaning (§67.523)

Plaintiff must show that primary significance of term in minds of consuming public is not product but producer, in order to obtain protection for its trade name.

4. Marks and names subject to ownership - Secondary meaning (§67.523)

There is no consensus on elements of secondary meaning.

5. Marks and names subject to ownership - Secondary meaning (§67.523)

Actual confusion is indicium of secondry meaning.

6. Marks and names subject to ownership - Secondary meaning (§67.523)

Comparisons of advertising expenditures are not dispositive of determination of secondary meaning.

7. Marks and names subject to ownership - Secondary meaning (§67.523)

Evidence of use of mark by third parties on wholly unrelated producs is of little or no probative value on issue of secondary meaning.

Action by American Scientific Chemical, Inc. against American Hospital Supply Corp., for trade name infringement. From order granting defendant's motion to dismiss, plaintiff appeals. Reversed.

See also 212 USPQ 220.

William H. Drummon, and Drummon & Nelson, both of Pheonix, Arix, for appeallant.

JohnW. Chestnut, and Tilton, Fallon, Lungmus & Chestnut, both of Chicago, Ill., and Guy J. Rappleyea, and Black, Helterline, Beck & Rappleyea, both of Portland, Ore., for appellee.

Before Choy, Tang, and Boochever, Circuit Judges.

Tang, Circuit Judge.

This is a common law trade name infringement action. Plaintiff-Appellant American Scientific Chemical (American

Scientific) sought to enjoin Defendant-Appellee American Hospital Supply Corporation (American Hospital) from changing its division's name to American Scientific Products. The district court found that American Scientific had not acquired secondary meaning in its name and had no legally protectable trademark. American Scientific appeals, arguing that the findings of fact of the district court indicate the acquisition of secondary meaning. We reverse the district court and remand for findings on likelihood of confusion.

American Scientific, founded in 1967, sells chemicals and chemical handling accessories to laboratories and hospitals. American Scientific has expanded

beyond its original Oregon market, and affiliate corporations, similarly named (American Scientific & Chemical), operate in Washington, Texas, Arizona, and Canada, serving markets in those areas and in California, Idaho, Montana and New Mexico.

In 1979, American Scientific had a media advertising budget of only $6,000. It believes that media advertising is not cost effective due to its regional market and limited number of customers. American Scientific depends on personal contact between its salesmen and customers, trade-show exhibits, and advertisements for its promotion.

American Hospital was founded in 1922. A giant in the health care industry,

it is composed of 29 divisions, one of which is Scientific Products, founded in 1952. Scientific Products (S/P) is a wide-ranging "bio-medical" business; one portion of its business is generated by sales of chemicals and accessories sold to laboratories and hospitals. While S/P competes in every market that American Scientific has entered, S/P operates in many other markets as well. S/P's 1980 sales were almost $600,000,000, and its 1980 advertising and promotion expenditures were over $8,500,000. That portion of those receipts and expenditures attributable to laboratory chemicals and accessories sales is not distinguished in the record.

In 1976, American Hospital embarked on a "corporate idenity program", intending to identify its divisions more closely with the parent company's name, American Hospital Supply. S/P decided to adopt the name "American Scientific Products," effective July 1, 1980.

In early June, 1980, American Scientific became aware of the proposed name change and protested to American Hospital this violation of its trade name. American Scientific filed suit in district court on June 23, 1980. On September 29, 1980, American Scientific filed a motion for a preliminary injunction, and an evidentiary hearing was held. In an Opinion and Order dated February 25, 1981, the district court found that the name-

change had not caused actual confusion, that American Scientific's name had not acquired secondary meaning, concluded that it had no "legally protectable common-law trademark" and denied the motion. After the parties stipulated that neither party would produce additional testimony in the event of a trial on the merits, the district court dismissed the action on May 1, 1981. We reverse the holding of the district court, and remand for further proceedings.

[1,2] The name American Scientific was not inherently distinctive when adopted by the plaintiff in 1967. But almost any symbol can serve as a trade name and be protected from infringement if it has acquired that degree of consumer asso-

ciation and recognition characterized as secondary meaning, and can show likehihood of confusion with a competitor. The district court found no secondary meaning, and consequently did not address the question of likelihood of confusion. Because the acquisition of secondary meaning is a question of fact, Norm Thompson Outfitters, Inc. v. General Motors Corp., 448 F.2d 1293, 1296, 171 USPQ 328, 330 31 (9th Cir. 1971), the findings of the district court cannot be set aside unless clearly erroneous. The district court's finding that American Scientific had not acquired a secondary meaning in its name is clearly erroneous.

[3] "Secondary meaning has been defined as association, nothing more". Carter-Wallace, Inc. v. Procter & Gamble

Co., 434 F.2d 794, 802, 167 USPQ 713, 719 (9th Cir. 1970). In order to obtain protection for its primary significance of the term in the minds of the consuming public is not the product but the producer." Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 118 (1938).

[4] Although there are numerous cases determining secondary meaning, there is no consensus on its elements. In Carter-Wallace, the court asked simply if the mark denotes "a single thing coming from a single source," 434 F.2d at 802, 167 USPQ at 719. Here, the district court looked to 1 McCarthy, Trademarks and Unfair Competition, §§15:10-15:21, and cited ten forms of evidence of secondary meaning. It said:

> Diverse types of evidence have been considered by courts in determining whether a mark has acquired a secondary meaning. The evidence may include customer surveys, customer testimony, the use of the mark in trade journals, the size of the company, number of sales, the amount, nature and geographical scope of advertising, the period of time during which the mark has been used, the number of customers, and actual confusion. (E.R. p.90)

Using the McCarthy criteria, the foundaional facts in the district court's opinion indicate the American Scientific's

name has acquired secondary meaning. The court found that American Scientific has used its name for over 13 years (now over 14 years); competes in a market that is specialized, limited and close-knit; advertises in regional trade journals and directories; sends representatives to trade shows; enjoys nationwide exposure from its regional branches and mailorder business; is known in the industry ; is continuing to expend into new regions; pro vides a specialized service; employs an effective form of advertising in its reliance on personal contact; introduced in evidence 149 purchase orders from a variety of companies, each addressed to "American Scientific", and introduced 28 examples of correspondence from suppliers, ech addressed to "American Scientific".

These findings in the district court's opinion fulfill the requirements delineated by McCarthy.

[5] In addition, actual confusion in an indicium of secondary meaning, and the trial court's finding that the evidence of actual confusion was weak is clearly erroneous. American dScientific provided a substantial body of evidence of confusion, evidence that is ordinarily difficult to product. Plaintiff identified 76 instances of actual confusion of customers, suppliers, and other. American Scientific has received orders and confirmations intended for the defendant, and in one instance even received material from one of American Hospital's own divisions that was intended for the American Scien-

tific Products division of American Hospital.

In its findings on confusion as an element of secondary meaning, the district court's opinion emphasizes the lack of a consumer survey or consumer testimony. The Supreme Court of Oregon has noted that "a business is reluctant to hale its own customers into court and thereby run the risk of losing their business in the future". Lift Truckes Parts & Service, Inc. v. Bourne, et al., 385 P.2d 735, 737, 139 USPQ 246, 248 (1963), and this may well be the reason plaintiff wished not to involve its customers in the case. Similarly, survey evidence would have inconvenienced customers and been prohibitively expensive to produce. In view

of the evidence plaintiff has presented, consumer testimony is not required to prove secondary meaning.

[6.] American Hospital contends that American Scientific's claims tht it does not advertise extensively because advetising is not "cost effective" are belied by S/P's own extensive advertising. It similarly points out that American Scientific's personal contact with customers is consierably less than S/P's, with seven salespeople in an area in which S/P has 86. Comparisons of advertising expenditures are not dispositive of a determination of secondary meaning. See Carter-Wallace, 434 F.2d at 800, 167 USPQ at 717-18.

It appears from its Opinion that the district court believes American Hospital's excellent reputation in its field is germane to this action. It is not. American Scientific complains, that its customers are mistakenly patronizing a competitor, and draws no comfort from the excellent service they may be receiving. American Scientific has proved a legally protectable right to its name, the extend of which protection awaits the distrit court's findings on likelihood of confusion.

[7] Finally, American Hospital emphasizes that numerous other companies have used names which include the words "American" and/or "Scientific", including three of defendant's divisions. Appar-

ently, American Hospital contends that these words are so descriptive that American Scientific cannot ever prove secondary meaning. It is mistaken. American Hospital's evidence of the use of a mark by third parties on wholly unrelated products is of little or no probative value. The companies cited by American Hospital are not direct competitors of American Scientific in its specialized market, and cannot dilute its right to its name.

American Scientific produced a substantial body of evidene proving that it had acquired a secondary meaning in its name. The finding of the district court to the contrary is clearly erroneous. Because American Scientific must prove

likelihood of confusion in order to prevail, we reverse the district court and remand for findings on likelihood of confusion.

Reversed and Remanded.

CERTIFICATE OF COUNSEL

FRANCIS A. UTECHT, the undersigned counsel for Petitioner, affirms that on the 18th day of December, 1984, the foregoing "PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT", was served upon Respondent by sending three copies by U.S. first class mail, postage prepaid, addressed to BASILE, WEINTRAUB & HANLON, 900 Tower Drive, Suite 555, Troy, Michigan 48098, attorneys for Respondent.

FRANCIS A. UTECHT
Attorney for Petitioners

84-1121

Office-Supreme Court, U.S.
FILED
JAN 28 1985
ALEXANDER L. STEVAS,
CLERK

In The

Supreme Court of the United States

October Term 1985

No. 84-1121

SIR SPEEDY, INC.

Petitioners

vs.

SPEEDY PRINTING CENTERS, INC.

Respondents.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT

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RESPONDENT'S SUPPLEMENT TO PETITIONER'S STATEMENT OF THE CASE

Petitioner SIR SPEEDY'S Statement of the Case omits certain vital facts considered probative by both the District Court and the 6th Circuit Court of Appeals in connection with Petitioner SIR SPEEDY'S claim of exclusive rights to the name SPEEDY as used in connection with the so-called instant printing business.

One essential fact which has been omitted from Petitioner SIR SPEEDY'S Statement of the Case is the fact that at its inception, in 1969, Petitioner initially traded under the name SPEEDY COPY CENTERS. In the words of the District Court (Appendix, pp. 18-19):

> "Shortly after its (Petitioner's) inception and at the start of its franchise activities it authorized a franchise to Mr. John Hughes in Phoenix, Arizona. Shortly after opening, Mr. Hughes received notification from an existing Phoenix printing and duplicating business called Speed-O-Copy demanding a change of plaintiff's (Petitioner's) then business name, Speedy Copy Centers."

It was in response to this complaint that Petitioner changed its name to SIR SPEEDY INSTANT PRINTING CENTERS.

In that Petitioner SIR SPEEDY is asserting that it has exclusive rights to the usage of the name SPEEDY in connection with the instant printing business, it would appear that Petitioner's abandonment IN 1969 of the name SPEEDY in favor of SIR SPEEDY has sufficient bearing on the issues to receive at least passing mention in an

objective and complete statement of the case.

Also notably omitted from Petitioner's SIR SPEEDY'S Statement of the Case is any reference to litigation filed against Petitioner in Massachusetts in 1978, namely, Rapid Print, Incorporated d/b/a Speedy Print Copy Service v. Sir Speedy Inc., which Petitioner SIR SPEEDY settled by agreeing to a consent judgment under which Rapid Print, Incorporated, was allowed to continue to do business as and under the name of SPEEDY PRINT COPY SERVICE. And in a parallel and contemporaneous trademark cancellation proceeding between these same parties SIR SPEEDY stated:

> "...there is no likelihood of the public by reason of the contemporaneous use of the phrase SPEEDY-PRINT COPY CENTERS and SPEEDY PRINT by Petitioner and the registered mark SIR SPEEDY by Registrant."

Also notably omitted from Petitioner SIR SPEEDY'S Statement of the Case is any reference to the evidence presented below which conclusively established the existence, at the time of trial, of over 100 third party instant printing businesses throughout the United States operating under trade names whose initial word was SPEEDY or some obvious variation thereof, such as SPEE-D, etc. The existence of these last establishments is believed to be evidence worthy of consideration in connection with Petitioner's claim of exclusive rights in the name SPEEDY in connection with the instant printing business.

Finally, Petitioner's characterization of the District Court's holding (Petition p. 4a) as being based on the rationale that national franchisors are not entitled to the protection of the United States Trademark Laws is inaccurate. The holding of the District Court is succinctly and accurately summarized in the penultimate paragraph of its opinion (Appendix p. 56):

> "The plaintiff in this case (Petitioner Sir Speedy) simply failed to meet its threshold burden of proving that the public associated the word "Speedy" solely with its (Petitioner's) printing operation, and therefore, failed to establish the secondary meaning which would have entitled (Petitioner) Sir Speedy to exclusive use of the word."

WHY THE PETITION SHOULD BE DENIED

While Petitioner SIR SPEEDY has worded its questions presented to this

Court to imply (a) it received second-class treatment from the courts below because it was a franchisor and (b) proof of confusion always equals proof of secondary meaning, the ultimate question SIR SPEEDY is presenting to this Court is:

> "Did the District Court err in holding Petitioner Sir Speedy had failed to prove it had acquired secondary meaning in the word SPEEDY as applied to the instant printing business?"

The District Court held Petitioner SIR SPEEDY'S evidence insufficient "to establish those elements which would entitle it to the protection and relief it seeks in this litigation." (A31); the Sixth Circuit, in affirming, held:

> "The plaintiff (SIR SPEEDY) in this case simply failed to meet its threshold burden of proving that the public associated the word 'Speedy' solely with its printing operation,

> and therefore, failed to establish the secondary meaning which would have entitled Sir Speedy to exclusive use of the word." (A56)

At the outset, it should be noted that Petitioner SIR SPEEDY concedes that the word SPEEDY, as applied to the instant printing business, is descriptive.

Petitioner SIR SPEEDY concedes it was required to prove secondary meaning and, by a process of circular reasoning, here contends it carried that burden, based solely on alleged evidence of confusion.

I. THE EXISTENCE OF CONFUSION DOES NOT NECESSARILY ESTABLISH PROOF OF SECONDARY MEANING

Petitioner SIR SPEEDY'S basic premise is that if confusion between SIR SPEEDY and SPEEDY exists, then SIR SPEEDY must have acquired secondary meaning in SPEEDY alone.

Both the District Court and the Appeals Court dealt extensively with the issue of secondary meaning, since it was uncontroverted that Plaintiff possessed the threshold burden of proving secondary meaning in the word "Speedy" before it would be entitled to any relief. While Plaintiff introduced extensive evidence of "actual confusion", this, alone, is insufficient to establish secondary meaning. As the Sixth Circuit explained:

> "The gravamen of plaintiff's appeal was that the trial court erred in holding that the word 'Speedy' had not acquired secondary meaning. Specifically, plaintiff argued that the trial court failed to give adequate weight to the evidence of consumer confusion in differentiating between Sir Speedy and Speedy Printing Shops. As explained by the court in American Scientific, supra, however, the determination of secondary meaning requires consideration of a vast array of

elements, with the confusion which stems from the use of similar marks by competitors constituting only one such element:

> Diverse types of evidence have been considered by courts in determining whether a mark has acquired a secondary meaning. The evidence may include customer surveys, customer testimony, the use of the mark in trade journals, the size of the company, number of sales, the amount, nature and geographical scope of advertising, the period of time during which the mark has been used, the number of customers, and actual confusion.

690 F.2d at 793 (citing with approval district court's use of above factors as found in 1 J. Thomas McCarthy, Trademark and Unfair Competition, §§15:10 - 15.21 (1st ed. 1973 & Supp. 1982)).

In the instant case, the plaintiff introduced no evidence of customer surveys or testimony. Rather, Sir Speedy relief upon the dollars expended by the corporation and its franchisees in advertising the Sir Spoeedy mark (approximately $7.6 million from commencement of the corporation to the time of

> trial), and voluminous documentation of incidents of confusion regarding the two companies.
>
> In concluding that plaintiff had not proved its threshold burden of establishing secondary meaning, the court below nevertheless considered the advertising expenditures but concluded that the evidence as to confusion was actually counter-productive to plaintiff's argument that the public associated 'Speedy' exclusively with Sir Speedy."

As indicated in 1 Jerome Gilson, Trademark Protection and Practice, §2.09-2.09[1] (1st Edition 1974 and Supp. 1984), to establish secondary meaning in an inherently nondistinctive term, the plaintiff must show that the primary significance of the term in the public mind is not the product but its producer, citing Kellogg Co. v. National Biscuit Co., 305 U.S. 111, 59 S.Ct. 109, 83 L.Ed. 73 (1938). Among the factors considered in the determination of

whether a mark has acquired secondary meaning are: (1) purchasing public and direct consumer testimony, (2) consumer surveys, (3) advertising and sales, (4) length and manner of use, and (5) exclusivity of use.

The record developed by Plaintiff at trial was devoid of any direct consumer testimony or surveys. Likewise, there was no positive testimony regarding length and manner of use. The record, also, developed the existence of over one hundred establishments, exclusive of Petitioner and Respondent, using the word Speedy or a variant thereof, in the same or similar business.

Against this background the Sixth Circuit found that the District Court's

ruling that SIR SPEEDY had not proven secondary meaning was not clearly erroneous.

Furthermore, as summarized in its own Petition, the evidence introduced by Petitioner SIR SPEEDY on the confusion issue invariably recited an instance where a person seeking to do business with Respondent SPEEDY called or came to one of Petitioner SIR SPEEDY'S franchise locations.

This type of evidence was, as noted by the District Court (A35), counter-productive as to proving any secondary meaning possessed by Petitioner SIR SPEEDY in the word SPEEDY.

While Petitioner's evidence may certainly be said to be evidence of confusion, it did not establish that any

of the confused parties had ever even heard of Petitioner SIR SPEEDY and, moreover, the evidence, alone, was insufficient to establish secondary meaning. See inter alia, American Heritage Life Insurance Co. v. Heritage Life Insurance Co., 494 F.2d 312 (5th Cir. 1974).

II. PETITIONER'S STATUS AS A FRANCHISOR WAS PROPERLY CONSIDERED BY THE DISTRICT COURT IN CONNECTION WITH PETITIONER'S BURDEN OF PROOF

Petitioner claims that because of its status as a franchisor, it received "second-class" treatment from the District Court. Nothing in the record supports this assertion.

The District Court, in supporting its findings, discussed, via dicta, the genesis of the instant printing industry. Thus, the District Court

indicated that the franchising of store front instant printing centers sprung into being when technological changes in printing and duplicating equipment made the establishment of instant printing centers economically feasible. (A22-23) This new equipment was available to one and all, and hence the services offered to the public by the front-line troops - the franchisees of Petitioner, Respondent, and numerous third parties - were substantially identical. However, this dictum never militated a subjugation of fundamental trademark rights to franchisors. Both the District Court and Appeals Court decided the matter in accordance with accepted standards of law and <u>did not</u> create a separate body of law for

franchisors. The Appeals Court addressed this issue when it stated:

> "This disposition by the trial court is not clearly eroneous. To the contrary, it is well-reasoned and in accord with settled principles of trademark law."

Because the function of a service mark is to distinguish the services offered by one party from those offered by his competitor, it would seem only logical that if the public has any interest in distinguishing the services offered by one party from those offered by the other, the public should have some basis to believe there is a distinction between the services offered by the respective parties.

Could, for example, trademark rights exist in truly fungible goods?

It is conceded that the services here offered cannot be considered fungible. However, because the services offered by Petitioner, Respondent, and numerous third parties are so substantially similar, the likelihood that the purchasing public will have any reason to want to distinguish these services of one party from those of another is greatly diminished.

In such a situation, where the public has little reason to be concerned with brand identification, proof of brand identification should be more convincing than that which was proffered in the present case.

III. AS APPLIED TO THE INSTANT PRINTING BUSINESS, THE NAME SPEEDY HAS BEEN SO DILUTED AS TO BECOME INCAPABLE OF EXCLUSIVE APPROPRIATION BY PETITIONER OR ANYONE ELSE

As to the nature of the business in which both parties are involved, the District Court had the following comments:

> "The significance of the historical development which the court gave hereinabove in this opinion indicating the technological changes in the printing business is that a new industry has been created, and that industry is the instant or speedy-printing industry. As such, the term 'Speedy' is descriptive to the Nth degree." (A32)

> "The truth of the matter is, however, that both the plaintiff and the defendant and a host of their competing national franchisors are offering, for all practical purposes, to the consuming public the same service. And this is a service which is identified in the minds of the public with the name 'speedy', 'quick', or 'instant' printing.

> This is further attested to by a host of exhibits in this case consisting of the Yellow Pages of various phone books for various years from various cities the length and breadth of the United States, all of which, under the heading 'Printing', currently lists any number of printing establishments, all touting as their principal claim to public fame that they do the job quickly, speedily, instantly, or some derivative of that word." (A34)

At an earlier point in its opinion (A31), the Court had remarked "The word 'Speedy' itself may in fact be generic."

This statement on the part of the District Court was not entirely speculative. Deposition testimony of one of Petitioner SIR SPEEDY'S witnesses, which was read into the record, was to the effect that he investigated the possibility of becoming a SIR SPEEDY franchisee because he wanted to get into the "speedy printing" business and

thought at the time he contacted SIR SPEEDY that "speedy printing" was the generic name for a type of printing business.

Evidence introduced at trial showed the existence of well over 100 printing or duplicating businesses, unaffiliated with either Petitioner or Respondent, who employed the word SPEEDY or a variation thereof as the initial word of their trade name. This last group did not include numerous other instant printing businesses which employed the word "speedy" in their trade name, but not as the initial word, such as, for example, JOE'S SPEEDY PRINTING.

In brief, in the context of the present fact situation, the word SPEEDY "is in common usage, and...is not the

type of word that one may fence off and keep the rest of the world from using..." (A32)

IV. SIR SPEEDY'S MARK IS SIR SPEEDY, NOT SPEEDY ALONE

As noted by the District Court, Petitioner SIR SPEEDY initially commenced its business operations under the name SPEEDY COPY CENTERS. When challenged by a prior user of the name SPEED-O-COPY, Petitioner PROMPTLY changed its name to SIR SPEEDY INSTANT PRINTING CENTERS. (A18-19)

This act on the part of Petitioner would seem to be a concession that Petitioner possessed no exclusive right in the word SPEEDY alone as applied to the instant printing business.

It should also be noted that this change of name from SPEEDY to SIR SPEEDY

by Petitioner occurred in 1969, and that substantially all of the advertising expenses of which SIR SPEEDY boasts were incurred after this change of name and thus devoted to the glorification of SIR SPEEDY, not SPEEDY alone.

V. THERE IS NO CONFLICT BETWEEN THE SIXTH CIRCUIT AND THE NINTH CIRCUIT'S DECISION IN AMERICAN SCIENTIFIC CHEMICAL, INC. V. AMERICAN HOSPITAL SUPPLY CORP.

Petitioner SIR SPEEDY urges upon this Court that the decision of the Sixth Circuit in this case is in conflict with the decision of the Ninth Circuit in American Scientific Chemical, Inc. v. American Hospital Supply Corp., 690 F.2d 791 (9th Cir. 1982).

It is believed Petitioner's argument is not supported by the respective decisions. In fact, the American

Scientific Chemical case was cited and considered by the Sixth Circuit in its opinion in the present case (see A51, 54 and 55).

While the end result differs in the two cases, a reading of the American Scientific Chemical case simply shows that the evidence offered by American Scientific Chemical in support of its claim of secondary meaning was found to be sufficient by the Ninth Circuit, while the Sixth Circuit in the present case found that SIR SPEEDY had failed to carry its burden of proof on the secondary meaning issue.

In brief, the cases are fully distinguishable upon their facts.

American Scientific Chemical was suing to prevent American Hospital

Supply from adopting the name AMERICAN SCIENTIFIC PRODUCTS. It was not, in analogy to SIR SPEEDY'S position in the present case, suing to enjoin usage of the word SCIENTIFIC alone.

Unlike the present case, the report of the AMERICAN SCIENTIFIC case contains no reference to any previous challenge of the plaintiff American Scientific's right to use its name, nor does the report contain any reference to third-party usage of similar names on related products.

SUMMARY

The holdings below were simply to the effect that Petitioner SIR SPEEDY had failed to establish that it had acquired secondary meaning in the name SPEEDY alone in the instant printing

business, and on the facts that Petitioner SIR SPEEDY had therefore failed to establish its acquisition of any enforceable exclusive rights in the name SPEEDY alone. Petitioner SIR SPEEDY had its full day in court below, but simply failed to prove its case. No conflict between Circuits has been demonstrated.

The Petition should be denied.

Respectfully submitted,

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CERTIFICATE OF COUNSEL

JOHN G. BATCHELDER, the undersigned counsel for Respondent, affirms that on this 25th day of January, 1985, the foregoing "RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SIXTH CIRCUIT was served upon Petitioner by sending three copies by U.S. first class mail postage prepaid, addressed to FRANCIS A. UTECHT, Suite 510, Harbor Bank Building, 11 Golden Shore, Long Beach, California 90802-4278, attorney for Petitioner.

BASILE, WEINTRAUB & HANLON

By John G. Batchelder
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